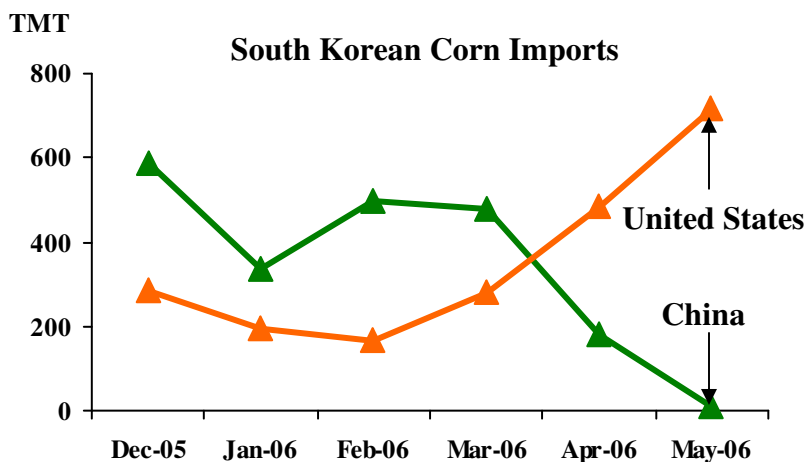

COARSE GRAINS: WORLD MARKETS AND TRADE

MONTHLY HIGHLIGHTS:

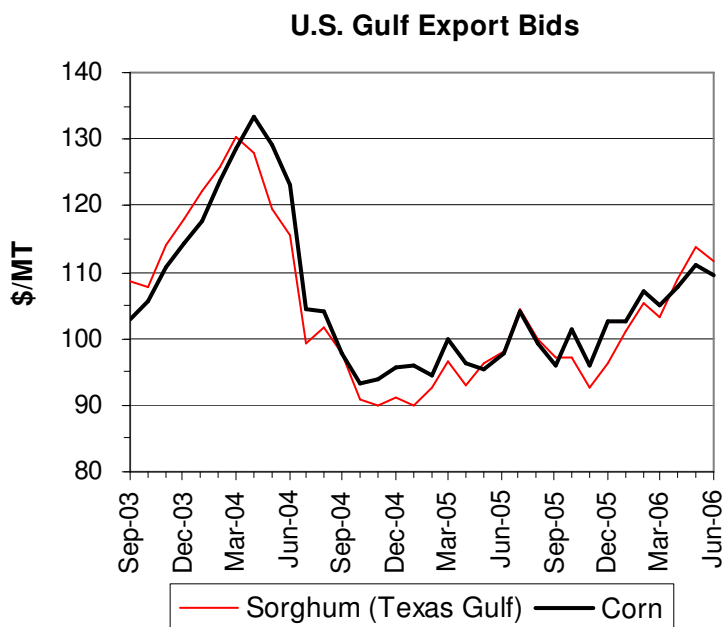
U.S. Corn Continues To Benefit From Reduced Competition: This month marks the 5th month in a row that the 2005/06 U.S. export forecast has been raised, for a total of 7 million tons since February. For the first time in over 7 years, the U.S. share of world corn trade is over 70 percent. In the bellwether South Korean market, for example, corn had been sourced equally from China and the United States through May. However, for the last 3 months, Korea has taken less than 700,000 tons from China while the United States has shipped nearly 1.5 million tons.



PRICES:

Domestic: June export bids for #2 yellow corn were down about \$2 per ton to \$109. Bids for #2 yellow sorghum (Texas Gulf) were likewise down \$2 to \$112 per ton.

Corn prices fell on expectations for good yields, although strong export and domestic demand provided support. Sorghum prices continue at a premium to corn and are supported by food aid shipments.



TRADE CHANGES IN 2006/2007

Selected Exporters

- **Australia barley** is lowered 500,000 tons to 4.8 million as sharply lower production is only partially offset by robust carryin stocks.
- **Russia barley** is raised 200,000 tons to 2.2 million on a larger expected crop.
- **Turkey barley** is cut 150,000 tons to only 50,000 tons, as a smaller crop largely eliminates exportable surplus.

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- **Ukraine barley** is up 300,000 tons to a record 4.3 million as production is raised this month.
 - **United States barley** is down 100,000 tons to 400,000 tons as a result of reduced exportable supplies.
 - **Serbia and Montenegro corn** is raised by 200,000 tons to 800,000 based on large supplies and strong demand from nearby European markets.
 - **Canada oats** is raised 200,000 tons to 1.5 million tons with production expected to be at a 10-year high and strong demand is expected from the United States.

Selected Importers

- **Turkey corn** is up 300,000 tons (from zero) because of reduced supplies and lowered production prospects.
- **United States barley** is up 100,000 tons to 400,000 as production is lowered.
- **United States oats** is raised 200,000 tons to 1.7 million with lower production and ample supplies available from Canada.

TRADE CHANGES IN 2005/2006

Selected Exporters

- **United States corn** is up by 1.0 million tons to 54.5 million, the highest in 11 years, with a continuing strong pace of sales and shipments. Competitor supplies in China and Argentina remain tight.
- **Argentina corn** is cut 500,000 tons to 10.0 million because of the continuing slow pace of new crop commitments, which are now almost 3 million tons behind last year.
- **Brazil corn** is raised 400,000 tons to 1.4 million based on the pace of recent shipments to Iran, despite relatively high export prices caused by its strong currency.
- **Paraguay corn** is lowered by 200,000 tons to 300,000 because of slow shipments arising from a reduced crop.
- **Canada oats** is raised by 100,000 tons to 1.4 million as late-season exports have been larger than anticipated.

Selected Importers

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- **Tunisia barley** is raised 100,000 tons to 500,000 with robust imports to date, primarily from the European Union.
 - **Brazil corn** is cut by 150,000 tons to 450,000 because of tight supplies in Paraguay and Argentina.
 - **United States oats** is up 100,000 tons to 1.6 million on stronger than expected late-season imports. A similar change was made to the 2006/07 estimate with an expected continued strong pace of imports from Canada.